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C O N F I D E N T I A L SECTION 01 OF 04 SINGAPORE 000587

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TAGS: PREL ETRD ECON PGOV EPET SN IR

SUBJECT: SM GOH'S VISIT TO IRAN AND SINGAPORE'S COOL
BILATERAL RELATIONSHIP

REF: A. 05 SINGAPORE 2017

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Classified By: E/P Counselor Ike Reed. Reasons 1.4 (b)(d)

11. (C) Summary: Singapore's relations with Iran remain cool, despite Senior Minister Goh Chok Tong's visit to Iran this month and the city-state's broader effort over the last three years to expand its links with the Middle East. In 2004, Singapore had Iran in its sights as a potential economic partner. However, the 2005 election of President Mahmoud Ahmadinejad and Singapore's on-going concern (and public criticism of) Iran's nuclear program stalled the development of political ties. At the same time, Singapore businesses found the Iranian market difficult. SM Goh used his March visit to update himself on developments in Iran and came away with an impression of President Ahmadinejad as a simple man with strongly held principles but not much intellectual depth. Goh stressed to senior Iranian leaders that Iran had to rectify the "confidence deficit" it had created over its nuclear program. With no more high-level GOS visits planned and the possibility of more UN sanctions over Iran's nuclear ambitions, Singapore's political and economic ties with Iran will remain limited as Singapore focuses on more promising opportunities elsewhere in the Middle East. End Summary.

SM Goh's Visit to Iran: Time for an Update

12. (C) Senior Minister Goh Chok Tong visited Iran March 11-14 to renew ties with the Iranian leadership, gain a first hand perspective on Iran's views of the Middle East, and gauge change in Iran since his last visit in 2004. Goh's spokesman and MFA Middle East Directorate Director Stanley Loh told us on March 23. The visit was packaged as a purely political affair and no business leaders or economic officials joined

the delegation, Loh stressed. SM Goh met with President Ahmedinejad, Chairman of the Expediency Council Ayatollah Ali Akbar Hashemi Rafsanjani, and other senior Iranian officials.

His scheduled meetings with former President Mohammad Khatami and Mayor of Tehran Mohammad Bagher Ghalibaf were canceled at the last minute by the President's office. Loh interpreted this as a sign of the Ahmedinejad administration's lack of confidence, showing it was afraid to allow outsiders access to other Iranian leaders.

Goh's Message for Iran

¶ 13. (C) SM Goh had a frank exchange of views with his interlocutors, according to MFA's Loh. SM Goh stressed that Iran's handling of the nuclear issue had created a "confidence deficit" with the international community that Iran had to rectify. Furthermore, he continued, as an aspiring regional power, Iran ought to play a positive role in encouraging peace and stability in Iran and Afghanistan. While Singapore welcomed Iran's "friendship," the nuclear issue was a major impediment to enhanced ties and Iran had to fulfill its IAEA and NPT obligations. Singapore was complying with UN Security Council Resolution 1737 sanctions and would abide by any further sanctions adopted by the UNSC, SM Goh told Iranian officials. Iran did not raise Singapore's relations with Israel or the United States, according to Loh.

Iranian Leadership Dynamics

¶ 14. (C) MFA's Loh told us GOS officials did not get a very positive impression of President Ahmedinejad. On the key topics (nuclear program, Israel), President Ahmedinejad did not back away from prior public statements and there was no

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change in his views. While Ahmedinejad was well-briefed on Singapore's views and tried to project a statesman-like image, he was not a sophisticated thinker, the Singaporeans concluded. He frequently framed his arguments in terms of very basic principles. When SM Goh asked him if his comments about wiping Israel off the map were serious or just political propaganda, Ahmedinejad became visibly agitated and argued that he had not meant Iran would be the agent of Israel's destruction. Rather, he offered a shifting series of explanations for his remarks, finally settling on the assertion that the Palestinian people themselves would eliminate Israel. Loh characterized Ahmedinejad as a provincial-level official who had been thrust on the international stage. While discussing President Ahmedinejad's handling of the nuclear issue, Rafsanjani suggested to SM Goh that Ahmedinejad was not a "free agent" and was operating in a complex policy environment. However, he did not indicate what other Iranian figures were involved in driving the nuclear policy.

Outreach to the Middle East

¶ 15. (C) SM Goh's latest trip to Iran came in the broader context of a concerted effort by Singapore over the last several years to expand its economic and political ties with the Middle East (Ref B). Then Prime Minister Goh launched the initiative in 2004 as a means to diversify Singapore's trade and investment partners as well as its international relationships. The outreach effort hit a rhetorical crescendo with the first Asia-Middle East Dialogue (AMED), which Singapore hosted in June 2005 (Ref A). Singapore had pitched AMED as a way to promote economic interaction between Asia and the Middle East and to provide a platform for "moderate" Muslims from both regions to share progressive ideas. The drum beat of visits to the Middle East by senior GOS officials has continued unabated. In just the last six months, Prime Minister Lee Hsien Loong, Senior Minister Goh,

Minister Mentor Lee Kuan Yew, and Deputy Prime Minister Wong Kan Seng have all visited the region, stopping in Kuwait, Qatar, Saudi Arabia, and the United Arab Emirates. The latest was SM Goh's March 11-14 trip to Iran.

¶6. (SBU) When the outreach effort started, Singapore initially had Iran in its sights, given its regional importance and significant market size. Then-Minister for Trade and Industry George Yeo led the opening by heading a 26-company delegation to Iran in April 2004; this was reportedly the first cabinet-level visit since 1975. Though the Singapore press reported glowingly on the visit, business leaders on the mission told us that it generated few deals. Three months later, in July 2004, Goh Chok Tong visited Iran in his last month as Prime Minister. During this visit, Goh met with many high-level officials, including Supreme Leader Ayatollah Ali Khamenei.

Having Second Thoughts

¶7. (C) Singapore's enthusiasm for closer ties quickly cooled with the June 2005 election of President Mahmoud Ahmedinejad, according to an MFA official. GOS leaders had met twice with his defeated opponent, the less hard-line former President Rafsanjani, and were apparently expecting a more moderate tack in Iranian politics. After Ahmedinejad's October 2005 diatribe that Israel should be "wiped off the map," Singapore issued a rare public statement "deploring" his views. Singapore publicly condemned Iran's December 2006 Holocaust denial conference, saying it was "appalled and bewildered by the congregation of various groups in Tehran to debate the occurrence of the Holocaust."

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¶8. (C) Nevertheless, Singapore's Speaker of Parliament Abdullah Tarmugi led a delegation of several MPs to Iran in January 2007 to reciprocate a visit by an Iranian parliamentary group in 2005. MFA told us Tarmugi met with a number of senior Iranian officials, including Ayatollah Ali Akbar Hashemi Rafsanjani, and that President Ahmedinejad had dropped in on one of his meetings for a few words. The meetings were light on substance, but MFA thought the Iranians must have overestimated Tarmugi's importance given the high-level access he was afforded. (Note: The speaker's post has virtually no power in Singapore's political system. End Note.)

Nuclear Program Dispute

¶9. (C) Iran's nuclear program has been a major point of contention in the bilateral relationship. Both in the Non-Aligned Movement and at the IAEA (Singapore was a member of the Board of Governors from 2004-06), Singapore has spoken out against Iran's nuclear ambitions. In response, Iran threatened to cut off business ties with Singapore but did not follow through, according to MFA.

No Embassies

¶10. (C) While Singapore has maintained formal diplomatic relations with Iran since 1973, the two countries have not established embassies in each other's capitals. Iran's ambassador to Singapore is based in Tehran. Iran has asked a number of times for permission to open an embassy in Singapore, but the GOS has refused out of security concerns, according to MFA. The GOS ambassador to Iran is resident in Singapore and visits Tehran a few times a year. Following SM Goh's March visit, Loh told us that there would be no change in the two countries' diplomatic representation in the foreseeable future.

Business Opportunities Fail to Materialize

¶11. (SBU) Singapore's economic ties with Iran have failed to flourish in the last few years. Over the period 2001-2006, Iran was Singapore's 25th largest trading partner. The trade balance has consistently been in Iran's favor, with Singapore imports of Iranian petroleum by far the largest trade item. While Singapore's exports more than doubled from USD 244 million in 2001 to USD 552 million in 2004, they slipped back to USD 471 million in 2006. Almost 70 percent of Singapore's exports to Iran are re-exports, consisting of refined petroleum products, heating and cooling equipment, and pumps.

¶12. (C) Singaporean businesses have not found many opportunities in the Iranian market and have had problems adjusting to Iran's more difficult business environment. A Singapore company representative complained to us that his firm was hit with an extra 20-percent fee on one of its oil shipments just two weeks before delivery. Singaporean firms are even more reluctant to get involved with Iran in the wake of the sanctions imposed by the UN Security Council under Resolution 1737. They expect more sanctions to come and are now focusing their efforts elsewhere in the Gulf. MFA's Loh told us that Iran had presented some vague energy cooperation proposals to SM Goh, but Singapore was not interested given the current environment and the possibility of more UN sanctions.

¶13. (U) There have been a few successful deals with Iran, however. One Singapore government-linked company, SembCorp E&C, was awarded two contracts to design and build petrochemical plants in Iran, according to press reports.

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INTRACO Ltd. has found its niche in Iran by conducting deals integrating information technology software from Iranian companies with hardware from China.

No Next Steps

¶14. (C) Discussing next steps in Singapore's relations with Iran, MFA's Loh told us Singapore plans to maintain its regular working-level contacts; however, there were no plans at this time for further high-level visits. The two countries will continue negotiations on an Investment Guarantee Agreement and a Double Taxation Agreement that have been underway for some years, but there was no deadline to finish them.

Comment

¶15. (C) In dealing with Iran, Singapore's own Middle East outreach efforts and grander ambitions for AMED to promote moderate Muslim views have hit something of a dead end. As a result, Singapore's political and economic ties with Iran will remain limited despite SM Goh's recent visit. Singapore and SM Goh will focus on more promising opportunities elsewhere in the region, especially the Gulf countries. Given how rarely Singapore criticizes other countries over non-bilateral issues, its multiple public condemnations of Iranian behavior strongly indicate its continuing concern over President Ahmedinejad's extremist rhetoric and Iran's nuclear ambitions.

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